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Distribution

United Energy Distribution Pty Limited
ACN 70 064 651 029

Registered Office

- Level 3, 501 Blackburn Road
- PO Box 449
- Mt Waverley Vic 3149 Australia
- Telephone (03) 8540 7800
- Facsimile (03) 8540 7899

22nd June 2010

Our Reference: UE-SU-01

Mr John Pierce
Chairman
Australian Energy Market Commission
P.O. Box A2449
Sydney South NSW 1235

BY EMAIL TO: aemc@aemc.gov.au

(And through the electronic lodgement facility)

Dear Mr Pierce,

Rule change proposal: Amendment to the distribution pricing proposal provisions of the National Electricity Rules to provide for the explicit inclusion of transmission-related and other relevant charges in a distribution network service provider's pricing proposal

United Energy Distribution Pty Limited (**UED**) requests that the AEMC consider making a Rule under section 91(1) of the National Electricity Law (**NEL**). UED is submitting this request on behalf of all of the Victorian electricity distribution businesses.

The proposed Rule seeks to amend clauses 6.18.2 and 6.18.7 (and other consequential clauses) of the National Electricity Rules (**Rules**). The proposed amendment would enable Distribution Network Service Providers (**DNSPs**) to incorporate and set out all relevant charges, including transmission-related charges, which are inputs to the ultimate tariffs that the DNSPs charge for their standard control services. Tariffs for standard control services are submitted annually to the Australian Energy Regulator (**AER**) in the form of a pricing proposal.

As currently drafted, the Rules provide that the pricing proposals must set out how charges incurred by DNSPs for transmission use of system services are to be passed on to customers, without specific reference to other elements of transmission service charges or to other relevant charges, such as those relating to inter-DNSP payments and avoided TUOS charges.

The lack of specificity in the Rules presents an issue as highlighted recently in the AER's Draft Victoria Distribution Determination, published on 4th June 2010 (**Draft Victorian Determination**).¹ In the Draft Determination, the AER indicated that it did not consider that clause 6.18.7 of the Rules provides for the recovery of transmission connection charges and that it would need to give consideration as to how transmission connection charges should be recovered. The AER acknowledged that recovery of transmission service charges could be

¹ Australian Energy Regulator, *Final Decision: Victoria Distribution Determination 2011 – 15*, June 2010, pp 62 – 66.

subject to a Rule change proposal and therefore it would reconsider this issue in its final decision subject to the outcome of the Rule change process.

Without necessarily conceding that clause 6.18.7 of the Rules forms the legal basis for the recovery of transmission services charges, and other charges such as those for inter-DNSP payments and avoided TUOS payments, UED considers that clause 6.18.7 of the Rules should be amended to explicitly require a pricing proposal to set out how charges for services that are inputs to distribution tariffs are to be passed on to customers. Logically this would cover all transmission-related charges, as well as charges for inter-DNSP payments and avoided TUOS payments, to the extent that they are inputs to the provision of standard control services.

That DNSPs should recover charges incurred for all transmission service charges, as well as charges for inter-DNSP payments and avoided TUOS payments, through distribution tariffs is consistent with clause 6.18.5 of the Rules which provides that the revenue expected to be recovered from customers takes into account the costs of serving those customers. This position is also consistent with the revenue and pricing principles under section 7A of the NEL which provide that, among other things, network service providers be provided with a reasonable opportunity to recover at least their efficient costs.

UED notes that the regulatory regime in Victoria permits Victorian DNSPs to recover all transmission related charges and other relevant charges. The Victorian DNSPs previously operated under the Electricity Determination Price Determination 2001-2005 and then the Electricity Determination Price Determination 2006-2010 (**Price Determinations**). Pursuant to the Price Determinations, the Victorian DNSPs were obliged to adopt a transmission price control formula which allowed the DNSPs to appropriately factor into their transmission tariffs, for recovery from distribution customers, the aggregate of all charges for connection to and use of the transmission system which the distributor forecasts it will be required to pay, as well as the amount the distributor expects to pay embedded generators and the revenue the distributor expects to receive from other distributors, net of similar charges it expects to pay other distributors in respect of inter-network provider distribution service tariffs.

In addition, UED understands that it is the current practice amongst DNSPs to account for transmission service charges, and other relevant charges, as part of transmission use of system charges in their pricing proposals. UED notes that in the recent distribution determinations for the Queensland and New South Wales DNSPs, the AER has allowed for the recovery of all transmission-related charges as well as charges for inter-DNSP payments and avoided TUOS payments.²

While UED does not necessarily acknowledge that clauses 6.18.2 and 6.18.7 form the legal basis for recovery of all transmission-related charges, and other relevant charges, it is clear that the lack of specificity creates a lacuna in the Rules.

Accordingly, UED considers that the proposed Rule change is non-controversial under section 96(1)(b) of the NEL as it merely addresses an apparent lacuna, and attempts to codify the existing practice in relation to the recovery of transmission-related charges and other relevant charges. UED considers that DNSPs in all jurisdictions would benefit from a clarification of the relevant clauses and the proposed changes will be suitable regardless of any jurisdictional-specific application or interpretation of the relevant Rule requirements.

² Australian Energy Regulator, *Final Decision: Queensland Distribution Determination 2010–11 to 2014–15*, 6th May 2010, Appendix E, pp 395 – 396; Australian Energy Regulator, *Final Decision: New South Wales Distribution Determination 2019 – 10 to 2013 – 14*, 28 April 2009, Appendix I, pp 462 – 463.

For these reasons, UED considers that the proposed Rule is unlikely to have a significant effect on the National Electricity Market, and should therefore be treated as a non-controversial Rule change proposal.

UED notes that the AEMC has recently issued a draft determination on a Rule change proposal to incorporate clause 6.18.7A enabling payments under jurisdictional schemes, including feed-in tariff schemes, to be passed through by DNSPs via a pricing proposal into the Rules (**Preferred Rule Change**).³ In the AER's Draft Victorian Determination, the AER noted that customers receiving payment under feed in tariff schemes can be considered as embedded generators under the Rules. Without necessarily agreeing that such customers can be appropriately classified as embedded generators, in the interests of certainty and for the avoidance of doubt on any double-counted charges, the proposed Rule also provides for payments otherwise captured under clause 6.18.7A to be excluded if the Preferred Rule Change is accepted.

A statement of the issues concerning the existing Rules, a description of the proposed Rule change, and how the proposed Rule addresses those issues consistent with the national electricity objective is contained in the attachment to this letter.

Should you have any questions or queries regarding any of the issues discussed in this proposal please contact Jeremy Rothfield, Regulatory Economist, on (03) 8540 7808.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A. Schille', is positioned above the printed name and title.

Andrew Schille
Regulatory Manager



***UNITED ENERGY
Distribution***

**Rule change proposal:
Amendment to the distribution
pricing proposal provisions of
the National Electricity Rules to
provide for the explicit inclusion
of transmission-related and other
relevant charges in a distribution
network service provider's
pricing proposal**

United Energy Distribution
501 Blackburn Road
Mount Waverley VICTORIA 3149

Revision Log

Rev	Revision Status	Date	Prepared by:	Checked	Authorised
A	Preliminary	01 st April 2010	Dr Jeremy Rothfield		
B	Final	22 nd June 2010	Dr Jeremy Rothfield		

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1. Name and address of the person making the request

This Rule change is requested by United Energy Distribution Pty Limited (ABN 70 064 651 029) of Level 3, 501 Blackburn Road, Mount Waverley, Victoria, 3149.

2. Statement of Issues

2.1 Background

In formulating tariffs to apply to standard control services, the costs associated with the provision of those services relating to the Distribution Network Service Provider's (DNSP) network are relevant, as well as any charges incurred by the DNSP in providing standard control services, such as:

- those paid by a DNSP to Transmission Network Service Providers (TNSP) for use of the transmission system (including TUOS, connection services and other relevant services);
- those DNSPs pay to and receive from other DNSPs for use of the distribution system (inter-DNSP payments); and
- avoided TUOS charges paid to embedded generators.

The current clauses 6.18.2 and 6.18.7 in the Rules provide that pricing proposals submitted by DNSPs must provide for tariffs designed to pass on to customers the charges to be incurred by DNSPs for transmission use of system services – these clauses do not refer to other transmission service or relevant charges that may be incurred by DNSPs. This Rule change proposal is designed to address that apparent lacuna in clauses 6.18.2 and 6.18.7.

2.2 Issue with the current clauses

UED considers that there is a lacuna in the current drafting of clauses 6.18.2 and 6.18.7, insofar as clauses 6.18.2 and 6.18.7 explicitly provide for a pricing proposal to provide for tariffs designed to pass on to customers charges to be incurred by DNSPs for transmission use of system services, but not for other transmission services provided by TNSPs to DNSPs, as well as other relevant charges.

Specifically in relation to the treatment of charges for transmission services, the term "transmission use of system services" in clauses 6.18.2 and 6.18.7 is defined as "a Generator transmission use of system service or a Customer transmission use of system service". Relevantly, the term "Customer transmission use of system service" is defined as:

"A service provided to a Transmission Network User for use of the transmission network for the conveyance of electricity (including where it has been negotiated in accordance with clause 5.4A(f)(3)) that can be reasonably allocated to a Transmission Network User on a locational basis, but does not include Generator transmission use of system services".

The term "network" is defined in a way that excludes any connection assets. Therefore, a possible interpretation of clauses 6.18.2 and 6.18.7 is that these clauses do not explicitly provide for the pass through to customers of other transmission

service charges (including charges for connection services) that are levied on a DNSP by a TNSP. Ordinarily, the tariffs in a pricing proposal submitted by a DNSP would be structured so as to allow for the full recovery of all costs associated with the provision of transmission services by TNSPs.

Whilst charges for transmission use of system may be the most relevant and significant charge, charges for other transmission services are also relevant, and may encompass entry and exit services (such as connection services), negotiated transmission services, non-regulated services, and, depending upon the jurisdiction, unregulated transmission charges, inter-DNSP charges, and avoided TUOS charges. There are likely to be circumstances in which either or all of these service types make up the components of a standard control service provided by a DNSP.

In a sense, these services are no different to transmission use of system services, because they are all relevant inputs to the provision of standard control services, and should be recovered via tariffs for standard control services.

At present in Victoria, the recovery, via prescribed distribution services, of charges for transmission services other than transmission use of system services and other relevant charges, is made possible by clause 3.3.2 of the Electricity Distribution Price Determination (**EDPD**) for 2006 to 2010. The EDPD 2006-2010 sets out the economic framework governing the operation of Victorian DNSPs until the end of the calendar year 2010. Pursuant to clause 3.3.2, the transmission price control formula is as follows:

$$MTR_t = TC_t + G_t - D_t - K_t$$

where:

MTR_t is the maximum revenue the distributor is allowed to receive from its transmission tariffs from all customers for year t ;

TC_t is the aggregate of all charges for connection to and use of the transmission system which the distributor forecasts it will be required to pay to VENCORP or SPI PowerNet during year t ;

G_t is the amount the distributor expects to pay embedded generators during year t , where the payments have been verified as compliant by the Commission;

D_t is the revenue which the distributor forecasts it will earn during year t from other distributors, in respect of inter-network provider distribution service tariffs net of similar charges the distributor expects to pay other distributors during calendar year t ; and

K_t is the corrections factor for under and over recoveries.

This formula was retained from the previous EDPD, 2001-2005. Therefore, based on the above formula, Victorian DNSPs can appropriately factor into their transmission tariffs, for recovery from distribution customers, the aggregate of all charges for connection to and use of the transmission system which the distributor forecasts it will be required to pay. The framework also encompasses inter-DNSP payments and payments to embedded generators.

The recovery of all transmission-related charges, as well as charges for inter-DNSP payments and avoided TUOS payments, is also consistent with the existing practice in other jurisdictions. In Queensland and New South Wales, Appendices E and I of the

AER's Final Distribution Determinations respectively provide for the recovery of transmission-related payments which include transmission charges paid to TNSPs, avoided TUOS payments and inter-DNSP payments.¹ In particular, in respect of New South Wales, the control mechanism to apply to the distribution services provided by Country Energy, EnergyAustralia and Integral Energy includes a pass through of the "transmission components of network prices".²

The AER's guideline on control mechanisms for direct control services for the NSW 2009 distribution determinations notes that the AER "will allow each DNSP to recover its actual transmission related payments, net of transmission settlement residue payments, through transmission cost recovery tariffs".³ The guideline notes that transmission-related payments include:

- transmission charges paid to TNSPs for use of the transmission system;
- avoided TUOS paid to embedded generators; and
- payments received from and made to other DNSPs for use of the distribution network.⁴

That DNSPs should recover charges incurred for other transmission service charges (such as connection services) provided by TNSPs to DNSPs, as well as charges for inter-DNSP payments and avoided TUOS payments, in the same way as charges for transmission use of system services is also supported by clause 6.18.5 of the Rules which provides that the revenue expected to be recovered from customers takes into account the costs of serving those customers.

Furthermore, this is consistent with the revenue and pricing principles under section 7A of the NEL which provide that, among other things, network service providers be provided with a reasonable opportunity to recover at least their efficient costs.

What appear to be lacking in the Rules are explicit references that other transmission service charges, as well as charges for inter-DNSP payments and avoided TUOS payments, be set out in the annual pricing proposals lodged by DNSPs with the AER. This has led to uncertainty in the approaches to recovery of transmission service charges. This uncertainty is apparent from the AER's Draft Victoria Distribution Determination, published on 4th June 2010 (**Draft Victorian Determination**).⁵ In the Draft Determination, the AER indicated that it did not consider that clause 6.18.7 of

¹ Australian Energy Regulator, Final Decision: Queensland Distribution Determination 2010–11 to 2014–15, 6 May 2010, Appendix E, pp 395 – 396; Australian Energy Regulator, Final Decision: New South Wales Distribution Determination 2010 – 10 to 2013 – 14, 28 April 2009, Appendix I, pp 462 – 463.

² Australian Energy Regulator, Guideline on Control Mechanisms for Direct Control Services for the ACT and NSW 2009 Distribution Determinations, February 2008, p 7.

³ Australian Energy Regulator, Guideline on Control Mechanisms for Direct Control Services for the ACT and NSW 2009 Distribution Determinations, February 2008, p 12.

⁴ Australian Energy Regulator, Guideline on Control Mechanisms for Direct Control Services for the ACT and NSW 2009 Distribution Determinations, February 2008, p 12.

⁵ Australian Energy Regulator, Final Decision: Victoria Distribution Determination 2011 – 15, June 2010, pp 62 – 66.

the Rules provides for the recovery of transmission connection charges and that it would need to give consideration as to how transmission connection charges should be recovered. The AER acknowledged that recovery of transmission service charges could be subject to a Rule change proposal and therefore it would reconsider this issue in its final decision subject to the outcome of the Rule change process.

2.3 Proposed Solution

This Rule change proposal aims to rectify the drafting oversight by incorporating references to transmission service charges, as well as charges for inter-DNSP payments and avoided TUOS payments, and clarifying the need for DNSPs to incorporate these charges in their pricing proposals.

3. Proposed Rule

3.1 Description of the proposed Rule

The proposed Rule amends clauses 6.18.2 and 6.18.7 by incorporating references to other transmission service charges, as well as charges for inter-DNSP payments and avoided TUOS payments, and making it clear that DNSPs need to incorporate these charges into their pricing proposals.

The term “transmission service” is a defined term in the Rules, meaning “the services provided by means of, or in connection with, a *transmission system*”. The term “transmission system” is in turn defined to mean: “a *transmission network*, together with the *connection assets* associated with the *transmission network*, which is connected to another *transmission or distribution system*”.

Consequently, the incorporation of “transmission service” charges into the Rules enables charges for both transmission use of system services and connection services to be brought into the framework, and to be set out in pricing proposals, to the extent that these components are relevant to the provision of direct control services.

“Avoided Customer TUOS charges” and “Distribution services” are also added to codify the existing practice in other jurisdictions such as Queensland and New South Wales which allows DNSPs to recover charges associated with avoided TUOS payments to embedded generators and inter-DNSP payments.

In addition, UED notes that the AEMC has recently issued a draft determination on a Rule change proposal to incorporate clause 6.18.7A enabling payments under jurisdictional schemes, including feed-in tariff schemes, to be passed through by DNSPs via a pricing proposal into the Rules (**Preferred Rule Change**).⁶ In the AER’s Draft Victorian Determination, the AER noted that customers receiving payment under feed in tariff schemes can be considered as embedded generators under the Rules. Without necessarily agreeing that such customers can be appropriately classified as

embedded generators, in the interests of certainty and for the avoidance of doubt on any double-counted charges, the proposed Rule also provides for payments otherwise captured under clause 6.18.7A to be excluded if the Preferred Rule Change is accepted.

The proposed amendments to the clauses 6.18.2 and 6.18.7 (and consequential clauses) are set out below. Insertions are shown as blue double underlined text, deletions are shown as red strike-through text. In the event that the Preferred Rule Change is accepted, payments under jurisdictional schemes in clause 6.18.7A are excluded by way of the text in square brackets (with the respective sub-clause references as set out in the Preferred Rule Change draft determination).

6.18.2 Pricing proposals

...

(b) A pricing proposal must:

...

(6) set out how the following charges incurred by the *Distribution Network Service Provider* ~~for transmission use of system services~~ are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those charges in the previous regulatory year [, other than those charges that fall within (6A)]:

(i) transmission services;

(ii) distribution services provided by other Distribution Network Service Providers, net of distribution services provided to other Distribution Network Service Providers;

(iii) avoided Customer TUOS charges; and

...

6.18.7 Recovery of charges incurred by Distribution Network Service Providers ~~for transmission use of system services~~

(a) A pricing proposal must provide for tariffs designed to pass on to customers the charges to be incurred by the *Distribution Network Service Provider* for the following ~~transmission use of system services~~ [, other than those charges that fall within 6.18.7A]:

(1) transmission services;

(2) distribution services provided by other Distribution Network Service Providers, net of distribution services provided to other Distribution Network Service Providers; and

(3) avoided Customer TUOS charges.

(b) The amount to be passed on to customers for a particular *regulatory year* must not exceed the estimated amount of the ~~transmission use of system~~ charges for the items listed in paragraph (a) for the relevant *regulatory year* adjusted for over or under recovery in the previous *regulatory year*.

(c) The extent of the over or under recovery is the difference between:

- (1) the amount actually paid by the *Distribution Network Service Provider* by way of ~~transmission use of system~~ charges for the items listed in paragraph (a) in the previous *regulatory year*; and
- (2) the amount passed on to customers by way of ~~transmission use of system~~ charges for the items listed in paragraph (a) by the *Distribution Network Service Provider* in the previous *regulatory year*.

Other consequential amendments include the following:

6.12.1 Constituent decisions

A distribution determination is predicated on the following decisions by the AER (*constituent decisions*):

...

- (19) a decision on how the *Distribution Network Service Provider* is to report to the AER on its recovery of ~~transmission use of system~~ charges for the items listed below for each *regulatory year* of the *regulatory control period* and on the adjustments to be made to subsequent *pricing proposals* to account for over or under recovery of those charges [, other than those charges that fall within (20)]:

(i) transmission services;

(ii) distribution services provided by other *Distribution Network Service Providers*, net of distribution services provided to other *Distribution Network Service Providers*; and

(iii) avoided Customer TUOS charges;

6.18.6 Side constraints on tariffs for standard control services

...

- (d) In deciding whether the permissible percentage has been exceeded in a particular *regulatory year*, the following are to be disregarded:
 - (1) the recovery of revenue to accommodate a variation to the distribution determination under rule 6.6 or 6.13;

- (2) the recovery of revenue to accommodate pass through of charges for the items listed below ~~transmission use of system~~ to customers [, other than those charges that fall within (3)]:

(i) transmission services;

(ii) distribution services provided by other Distribution Network Service Providers, net of distribution services provided to other Distribution Network Service Providers; and

(iii) avoided Customer TUOS charges;

4. Power of the AEMC to make the proposed Rule

4.1 Subject matter

The subject matter about which the AEMC may make Rules is set out in section 34 and Schedule 1 of the NEL.

Section 34(1) relevantly provides that the AEMC may make Rules for the operation of the National Electricity Market and the activities of persons participating in the market.

UED considers that the proposed Rule also falls within the subject matters that the AEMC may make Rules about as it relates to a number of the items specified in Schedule 1 of the NEL, including:

- item 26 – the regulation of prices (including the tariffs and classes of tariffs) charged by operators of distribution systems for the provision of services that are the subject of a distribution determination;
- item 26H – the procedure for making a distribution determination by the AER;
- item 26K – terms and conditions for the provision of electricity network services, or any class of electricity network services; and
- item 34B – the reporting and disclosure of information to the AER.

4.2 Non-controversial Rule

UED requests that the AEMC treat this Rule change request as a non-controversial Rule pursuant to section 96 of the NEL.

A non-controversial Rule is defined as “a Rule that is unlikely to have a significant effect on the national electricity market”.⁷

UED considers the Rule change proposal to be non-controversial for the following reasons:

⁷ Section 87 of the NEL.

- in a sense, charges for transmission services, as well as charges for inter-DNSP payments and avoided TUOS payments, are no different to transmission use of system services as they are charges for services that are inputs to the provision of standard control services and are recovered via tariffs for standard control services. Transmission-related payments, as well as inter-DNSP payments and avoided TUOS charges, should therefore be dealt with in a comparable fashion in pricing proposals submitted by DNSPs;
- as reflected in clause 3.3.2 of the EDPD 2006-2010 for Victorian DNSPs, it is the intention of the regulations and current practice for DNSPs to recover in the form of transmission tariffs from all distribution customers the aggregate of all charges for connection to and use of the transmission system which the distributor forecasts it will be required to pay, together with inter-DNSP payments and avoided TUOS charges. The proposed Rule therefore merely gives effect to that intention, codifies existing practice in Victoria and requires DNSPs to incorporate these charges into their pricing proposals;
- as reflected in Appendices E and I of the AER's Final Distribution Determinations in Queensland and New South Wales respectively, as well as the Guideline on control mechanisms for direct control services for the ACT and NSW 2009 distribution determinations, the Queensland and New South Wales DNSPs are able to recover transmission related charges and other relevant charges including inter-DNSP payments and avoided TUOS charges. The proposed Rule therefore merely codifies existing regulatory practice;
- it is not accepted regulatory practice to forecast costs associated with transmission service charges as a part of operating expenditure, rather, UED understands that it is general practice for DNSPs to include charges for transmission services as part of transmission use of system service charges in their respective pricing proposals, therefore, the proposed Rule change seeks to clarify the various components of transmission service charges in the pricing proposal and it follows that no person or group is adversely affected by the proposed Rule change;
- the Rule change proposal therefore addresses a lacuna in the Rules and clarifies a drafting oversight;
- it is consistent with the national electricity objective (see section 5 below); and
- it is unlikely to have a significant effect on the national electricity market.

5. How the proposed Rule will contribute to the national electricity objective

Section 7 of the National Electricity Law defines the national electricity objective as being:

"to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system."

UED considers that the proposed Rule will contribute to the national electricity objective because the proposed Rule:

- codifies what UED believes to be current practice in Victoria and other jurisdictions that transmission service charges, and other relevant charges including inter-DNSP payments and avoided TUOS payments, are incorporated into pricing proposals submitted to the AER;
- clarifies the components of charges for relevant services that are inputs to tariffs for standard control services to enable consumers to understand how the tariffs are built up;
- improves the consistency of the Rules in their treatment of transmission service charges, and other relevant charges including inter-DNSP payments and avoided TUOS payments, in pricing proposals lodged by DNSPs;
- clarifies a drafting oversight;
- provides certainty and removes ambiguity in terms of whether and how DNSPs are to address and provide for transmission service charges, and other relevant charges including inter-DNSP payments and avoided TUOS payments, in their pricing proposals; and
- through consequential changes to clause 6.12.1(19), provides that a constituent decision of a distribution determination includes a decision on how a DNSP is to report to the AER on its recovery of all relevant charges (being transmission-related charges, inter-DNSP payments and avoided TUOS payments), not just TUOS charges, providing the AER with increased transparency as to the recovery of these charges by DNSPs.

6. Benefits, costs and potential impacts of the proposed Rule on those likely to be affected

The expected benefits of the proposed Rule are similar to the factors that show the proposed Rule will contribute to the national electricity objective as set out above.

The expected costs are likely to be administrative on the part of the DNSPs and the AER in terms of understanding the new amendment and how it should be implemented in practice. However, since the proposed Rule change merely codifies the existing practices of DNSPs, as observed by UED, the costs are likely to be nil, or else very minor in nature.

In terms of potential impacts, for the reasons set out above, UED considers that the proposed Rule change will provide benefits by permitting DNSPs to explicitly set out the components of charges, being transmission related charges as well as charges for inter-DNSP payments and avoided TUOS payments, in their pricing proposals. Since what is being proposed through this Rule change is simply a codification, and further clarification, of what UED understands to be existing practice in Victoria as well as other jurisdictions, there will be little, if any, effect on the national electricity market.

The proposed Rule change is endorsed by the Victorian electricity distributors, notably Citipower, Jemena, Powercor, SP-Ausnet and United Energy Distribution.

Rule change proposal: Transmission-related and other charges

UED has also sought feedback from inter-state DNSPs and the AER on the proposed Rule change. The following distributors have indicated that they are either supportive of the proposed Rule change or else do not have any objection to the proposed Rule change being made: Country Energy and EnergyAustralia in New South Wales, Energex and Ergon Energy in Queensland, ETSA Utilities in South Australia, Aurora Energy in Tasmania, and ActewAGL in the Australian Capital Territory.

UED has not identified any other potential impacts with respect to the proposed Rule.